

SIX YEAR OUTLOOK--Dollars in Millions

June 2006	2006	2007	2008	2009	2010	2011
Beginning Balance (General Fund-State)	870	637	746	745	647	318
Revenues						
BASELINE (June 2006 Economic & Revenue Forecast Council revenue forecast, 5% annual growth after 2009)	13,259	13,708	14,345	15,118	15,874	16,668
Money Transfers	129	78				
<i>Subtotal</i>	<i>13,388</i>	<i>13,786</i>	<i>14,345</i>	<i>15,118</i>	<i>15,874</i>	<i>16,668</i>
<i>Pension Funding Stabilization Account set-aside</i>	-		147	154		
TOTAL REVENUE	13,388	13,786	14,492	15,272	15,874	16,668
<i>Biennial Total</i>		<i>27,174</i>		<i>29,764</i>		<i>32,541</i>
Expenditures						
Baseline Expenditures (see notes on next page)	13,621	13,677	13,884	14,105	14,332	14,568
Pension Costs including unfunded liability payments			127	239	322	351
Pension Costs--Fund Gainsharing			90	96	101	107
<i>K-12 Teacher/staff and Community and Technical Colleges COLA - Initiative 732 (3.2%, 2.0%, 2.1%, 1.7%)</i>			143	201	302	399
<i>State employee/Higher Education salary adjustment (1.6%, 1.6%, 2%, 2%)* Implicit Price Deflator</i>			42	85	139	194
<i>Employee health insurance (state government, K-12, higher education) (9%, 9%, 9%, 9% growth) **</i>			97	200	314	438
<i>Medical Assistance (7% annual growth after FY 2007)</i>			109	225	349	482
<i>Health Services Account Backfill</i>			-	165	246	315
<i>Other Near GF-S Backfill (PSEA/VRDE)</i>			-	4	13	18
<i>Continuation of Education Legacy Programs (Learning Assistance Program/Higher Education)</i>				51	85	104
<i>Subtotal</i>	<i>13,621</i>	<i>13,677</i>	<i>14,492</i>	<i>15,371</i>	<i>16,203</i>	<i>16,976</i>
Potential 2007 Supplemental budget ***	-	-	-	-	-	-
TOTAL EXPENDITURES	13,621	13,677	14,492	15,371	16,203	16,976
<i>Biennial Total</i>		<i>27,298</i>		<i>29,863</i>		<i>33,178</i>
General Fund-State ENDING BALANCE	637	746	745	647	318	10
NON-GENERAL FUND RESERVES (including Pension Stabilization, Health Services, & Student Achievement Accounts)		740				
TOTAL POTENTIAL SURPLUS/DEFICIT	637	1,486	745	647	318	10

BASELINE EXPENDITURE ASSUMPTIONS

- >Assumes enacted 2005-07 budget plus Final Enacted 2006 Supplemental Budget.
- >Assumes vendor rate increase based on Implicit Price Deflator (IPD) plus one-half associated caseload or population cohort growth.
- >Assumes "all other objects" (excluding salaries, benefits, pensions) grow by IPD plus one-half associated caseload or population growth.
- >Assumes 2.0% inflation above general inflation for non-Medical Assistance DSHS health care related vendor payments (Developmental Disabilities, Long Term Care, Alcohol and Substance Abuse, Mental Health).
- >Assumes current participation rate carried forward for higher education enrollment.
- >Assumes average debt service growth of 6.5% per year over forecast period.

FOOTNOTES

- * Does **NOT** include the one-time Fiscal Year 2007 1.6% salary increase in the base for future calculations per negotiated contracts and budget bill language.
- ** Does not assume use of Public Employee Benefits Board (PEBB) fund surplus.
- *** Assumes a net zero 2007 Supplemental Budget--caseload savings are offset by increases in other costs.